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RUEHLB/AMEMBASSY BEIRUT PRIORITY 5236
RUEHEG/AMEMBASSY CAIRO PRIORITY 3750
RUEHDM/AMEMBASSY DAMASCUS PRIORITY 6049
RUEHLO/AMEMBASSY LONDON PRIORITY 2864
RUEHFR/AMEMBASSY PARIS PRIORITY 1073
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RUEHTU/AMEMBASSY TUNIS PRIORITY 6285
RUCNDT/USMISSION USUN NEW YORK PRIORITY 8322
RUEHJI/AMCONSUL JEDDAH PRIORITY 1112
RUEHJM/AMCONSUL JERUSALEM PRIORITY 1724
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RHMFSS/COMSOCEUR VAIHINGEN GE PRIORITY
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UNCLAS TEL AVIV 000710

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XOXO
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

SIPDIS
E.O. 12958: N/A
TAGS: OPRC KMDR IS

SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

Major media highlighted a CBS News report according to which the Israel Air Force carried out an attack last January against a convoy of trucks in Sudan carrying arms for Hamas in Gaza. According to the report, 39 people riding in 17 trucks were killed, while civilians in the area suffered injuries. Official Israeli sources

refused to confirm or deny on Wednesday any report of Israel's involvement in an air strike in Sudan. Israel Radio cited the U.S. Government's ignorance of the alleged raid. However, HaQaretz quoted Sudanese State Minister for Highways Mabrouk Mubarak Saleem as saying on the Paris-based Sudan Tribune Web site as saying that a "major power bombed small trucks carrying arms, burning all of them."

HaQaretz reported that yesterday, Qin what seemed to be a drastic turn from his pre-election stance, O Netanyahu vowed to engage in peace negotiations with the Palestinian Authority. He was speaking before the STEP Jerusalem Wealth Management Conference. He was also quoted as saying: "The economic track is not a substitute for diplomatic negotiations; it is a complement to it. If we have a strong Palestinian economy, that's a strong foundation for peace. If we have a strong Israeli-Palestinian economic relationship, that's a strong foundation for peace." The one-day meeting was aimed at both showcasing Israel as a good place for investment and an opportunity to enhance Israeli-Palestinian economic cooperation.

HaQaretz quoted Netanyahu as saying: "I urge you to invest in the Palestinian economy and Palestinian-Israeli economic relationship. You won't be disappointed." Makor Rishon-Hatzofe quoted Nabil Abu Rodeineh, spokesman for PA President Mahmoud Abbas, as saying that Netanyahu should act, not talk.

While Yediot and Israel Radio quoted senior Hamas official in Syria Ali Barakeh as saying that the talks to release Gilad Shalit have resumed, the radio reported that, in an interview with Al Arabiya-TV, Hamas spokesman in Gaza Ayman Taha denied reports of the renewal of indirect talks on the matter of Shalit. Taha was quoted as saying that the bone of contention was Israel's refusal to release 450 prisoners. According to Taha, Hamas would be willing to renew negotiations from the point where they broke off last week. Barakeh stressed that Israel's recent actions, among these the worsening of conditions for Hamas prisoners and the arrest of its leaders in the West Bank, would not cause Hamas to change its positions. Leading media reported that Israeli Ambassador to the UN Gabriela Shalev told the UN Security Council yesterday that Hamas is an immediate threat to the current fragile cease-fire in Gaza. The Jerusalem Post also quoted Deputy U.S. Permanent Representative to the UN Alejandro Wolff as saying that Hamas's behavior is threatening to set off another deadly round of violence. Wolff also called on Israel to dismantle settlement outposts created since March 2001. Israel Radio's Web site reported that yesterday B. Lynn Pascoe, UN Under-Secretary-General for Political Affairs, told the UN Security Council that he is concerned about the slow progress in establishing a cease-fire in Gaza. He urged the Quartet to help stabilize Gaza and resume the peace process.

HaQaretz reported that senior Likud figures have reportedly threatened to make the life of PM-designate Benjamin Netanyahu difficult after the ministerial portfolio distribution should they find they have been left out. (Netanyahu left only six portfolios available for the party's 11 ministerial candidates.) Israel Radio reported that Rabbi and Prof. Daniel Hershkowitz, the Chairman of the right-wing party Habayit Hayehudi (The Jewish Home), will become science minister and be responsible for the Disengagement Administration. Major media reported that five of the Labor Party's 13 Knesset members are leaning toward abstaining from next week's Knesset vote to endorse the new government.

The Jerusalem Post quoted IDF Intelligence chief Amos Yadlin as saying yesterday, in a briefing to the Knesset's Foreign Affairs and Defense Committee that, now that Iran has crossed the technological threshold needed to build a nuclear weapon, it is not in its interest to actually do so. Yadlin said that the Iranian regime's approach is to work slowly so as not to give the international community a reason to take punishing measures.

Israel Hayom quoted Israel's Ambassador to Egypt Shalom Cohen as saying yesterday at a conference held at the Hebrew University's Truman Institute to mark three decades of peace with Egypt that Israel is a dirty word in Egypt. Israel Radio quoted the Egyptian daily Al-Ahram as saying today that there is no reason to celebrate three decades of peace with Israel, as Israel is engaged in vile schemes against Egypt. Leading media reported that there was no mention of the anniversary in Egypt. The Jerusalem Post cited newly declassified documents from the Jimmy Carter Library that the

administration of the former U.S. President wanted Egypt to have a liaison role in Gaza.

Major media reported that an official medical panel comprising members of the Israel Medical Association, a legal expert, and a scientist from the Weizmann Institute, has concluded that tests on anthrax immunization carried out on IDF soldiers during the second half of the 1990s may have been unnecessary and there may have been "no medical justification" for what was done. The medical testing, to evaluate vaccine effectiveness and safety, was done on behalf of the Institute for Biological Research at Nes Ziona and the IDF Medical Corps. Moreover, in its conclusions the committee appears to suggest there may be some validity to the claims by dozens of soldiers who say their participation in the experiment has harmed their health, and are demanding in court the release of the relevant documents. Israel Radio noted that the experiment was meant to update research conducted in the U.S. in the 1950s.

The Jerusalem Post quoted Syrian President Bashar Assad as saying in an interview with the Lebanese daily As-Safir that a Netanyahu-led government would not present a long-term hindrance to ongoing peace talks with Syria.

Leading media reported that today Human Rights Watch will publish a report saying that white phosphorous shells used by the IDF during Operation Cast Lead killed dozens of Palestinians. The media cited the IDF's denial of allegations that the IDF indiscriminately used such shells to intimidate the population.

Maariv, Israel Hayom, and Yediot reported that a few days ago India signed a \$2-billion deal with Israel to procure state-of-the-art weaponry, including QBarak 80missiles for the Indian Navy. Yediot noted that Israel's relations with India have strengthened since last November's Mumbai terrorist attacks.

HaQaretz reported that State Comptroller Micha Lindenstrauss will soon issue a report listing opportunities missed by successive Israeli governments to have convicted spy Jonathan Pollard released.

Makor Rishon-Hatzofe reported that 100,000 American Christians have signed a petition in support of Israel drafted by the American organization Christians United for Israel. The group's founder and National Chairman is televangelist Pastor John Hagee.

Israel Radio reported that the Anti-Defamation League labeled a syndicated cartoon by Pat Oliphant that appeared yesterday in newspapers across the U.S. and on the Internet as "hideously anti-Semitic" because of its use of Nazi-like imagery and hateful evocation of the Jewish Star of David. The cartoon portrays a headless, jack-booted figure marching in a goose step with a sword in one hand and pushing a Star of David on a wheel with the other. The Jewish Star has fangs and is chasing after a woman carrying a child, labeled "Gaza."

HaQaretz reported that the deterioration of Bank Hapoalim's status, which manifested itself yesterday in the resignation of its CEO Zvi Ziv, began when its U.S. investors decided to sell their holding.

Mideast:

Summary:

The conservative, independent Jerusalem Post editorialized: Q[At his latest press conference] Obama answered an AFP question, reasonably, that QWe don't yet know what the Israeli government is going to look like, and we don't yet know what the future shape of Palestinian leadership is going to be comprised of.... Now, maybe, some of the spotlight will shift to where it belongs -- on Palestinian intransigence."

The independent, left-leaning Ha'aretz editorialized: QWhile [the] stability [of the peace treaty with Egypt] is not in doubt, its quality and especially the degree of its QwarmthQ will continue to

depend on Israel's willingness to move forward on serious negotiations with the Palestinians and with Syria.

Intelligence affairs writer Ronen Bergman opines in the mass-circulation pluralist Yediot Aharonot: QSince the 1990s, Israel has been monitoring with concern the takeover of Sudan by radical Islamic elements and the establishment of terror organization training bases there.

Block Quotes:

I. "Thank You, Ehud Barak"

The conservative, independent Jerusalem Post editorialized (3/26): QFor all his quirks, Barak is known abroad as a tough man who knows how to compromise. When he says he won't be a Qfig leafQ for Israeli foot-dragging if the Palestinians start singing a different tune, world leaders will be inclined to believe him.. [At his latest press conference] Obama answered an AFP question, reasonably, that "We don't yet know what the Israeli government is going to look like, and we don't yet know what the future shape of Palestinian leadership is going to be comprised of." But he would keep trying to bring the sides closer.Q Israel's adversaries want the focus to be on the QoccupationQ and, now, the new government's supposed rejection of a two-state solution. It would have been far better to have Livni in the government telling the world about everything she and Ehud Olmert offered the Palestinians, that they rejected. But Barak's joining is the next best thing. Now, maybe, some of the spotlight will shift to where it belongs -- on Palestinian intransigence.

II. "Stable, Essential, and Cold"

The independent, left-leaning Ha'aretz editorialized (3/26): QToday marks the 30th anniversary of the peace agreement between Israel and Egypt.... President Hosni Mubarak's insistence on viewing the peace agreement as a strategic asset for Egypt eventually made it an extremely powerful political lever that paved the way for the formulation of the Arab peace initiative, which turned peace with Israel into a strategic Arab choice. At the same time, the peace agreement enabled Egypt to turn its attention to economic development, to modernize and improve its army and to benefit from a political and economic pact with the United States. It is a cold agreement, one that has not been embraced by the Egyptian people and does not have the support of its intellectual elites. Israel's relations with Egypt are different from those with European states or the U.S., lacking the cultural ties, extensive tourism and economic cooperation. But then the U.S. and Europe were never enemies of Israel.... [Israeli politicians, including foreign minister-designate Avigdor Lieberman, forget that the peace agreement is not a favor Israel is doing for the Egyptians and that the political and security achievements that come in its wake cannot be taken for granted. The agreement with Egypt is not divorced from the Middle East reality, and in particular from the Israeli-Palestinian conflict. While its stability is not in doubt, its quality and especially the degree of its QwarmthQ will continue to depend on Israel's willingness to move forward on serious negotiations with the Palestinians and with Syria.

III. "Sudan, Grounds for Concern"

Intelligence affairs writer Ronen Bergman opined in the mass-circulation pluralist Yediot Aharonot (3/26): QSince the Second Lebanon War ended -- in which we tried to show our neighbors that we had gone crazy but didn't really succeed -- something has changed in Israel. In the time that has since elapsed it turns out that not only is Israel touchy, it also has very long arms. Israel does not publicly take responsibility for actions deep in enemy territory, but if they are attributed to it in the international media, it responds with silence and a wink.... Since the 1990s, Israel has been monitoring with concern the takeover of Sudan by radical Islamic elements and the establishment of terror organization training bases there. In recent years Sudan has become one of the preferred smuggling routes for Iranian intelligence in transferring arms from the bases of the Revolutionary Guards to Sudan and from there to Egypt to the Sinai Desert and to the tunnels under Philadelphi Road.... The balance of terror created by the two terror attacks in Argentina in wake of the assassination of [senior

Hizbulah operative Abbas] Musawi led Israel to focus on operations only against Hizbulah -- and not against its mother and father, Iran and Syria. In the recent actions attributed to Israel against the arms shipments from Iran and in Syria, there is more than a hint that this balance of terror no longer exists.

CUNNINGHAM